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7 Attorneys for Plaintiffs Global Royalties, Ltd.
8 and Brandon Hall

9 IN THE UNITED STATES DISTRICT COURT
10 FOR THE DISTRICT OF ARIZONA
11

12 Global Royalties, Ltd., a Canadian
13 corporation; Brandon Hall, a Canadian
citizen,

14 Plaintiffs,

15 vs.

16 Xcentric Ventures, L.L.C., an Arizona
17 limited liability company d/b/a
ripoffreport.com and/or
18 badbusinessbureau.com; Ed Magedson and
Jane Doe Magedson, husband and wife,

19 Defendants.
20

NO. CV 07-0956-PHX-FJM

**PLAINTIFFS' FIRST AMENDED
COMPLAINT**

21 For their First Amended Complaint against defendants Xcentric Ventures, L.L.C.,
22 Ed Magedson, and Jane Doe Magedson, (collectively, "Defendants") plaintiffs Global
23 Royalties, Ltd. ("Global Royalties"), and Brandon Hall ("Hall") (collectively,
24 "Plaintiffs"), allege as follows:
25
26

Parties, Jurisdiction, and Venue

1
2 1. Global Royalties is a Canadian corporation with its principal place of
3 business in Mississauga, Ontario.

4 2. Hall is a Canadian citizen and a principal of Global Royalties.

5 3. Xcentric Ventures, L.L.C., is an Arizona limited liability company with its
6 principal place of business in Maricopa County, Arizona. Xcentric has caused acts to
7 occur within Maricopa County, Arizona, that give rise to this action.

8 4. On information and belief, Ed Magedson (“Magedson”) is a resident of the
9 State of Arizona and the managing member of Xcentric. Magedson directs and controls
10 Xcentric’s activities including, but not limited to, operating an Internet website with the
11 domain name “ripoffreport.com” (the “Ripoffreport.com Website”).

12 5. On information and belief, Jane Doe Magedson is Magedson’s wife. The
13 true name of Jane Doe Magedson is unknown to Plaintiffs and, therefore, she is sued
14 under a fictitious name. On learning the true name of Jane Doe Magedson, Plaintiffs will
15 amend this Complaint to add her true name.

16 6. At all times relevant to the allegations contained herein, Magedson was
17 acting on behalf, and for the benefit, of the marital community of Magedson and Jane Doe
18 Magedson.

19 7. The Court has subject matter jurisdiction over this action pursuant to 28
20 U.S.C. § 1332(a)(2). Venue is proper in this Court pursuant to 28 U.S.C. § 1391.

21
22 **General Allegations**

23 8. Xcentric is the registered owner of the Internet domain names
24 ripoffreport.com, badbusinessbureau.com, and badbusinessbureau.org. Magedson is
25 shown as the administrative contact for Xcentric in the domain name registration
26 information for each name.

1 9. The Ripoffreport.com Website can be accessed by Internet users by using
2 the domain name ripoffreport.com. The Ripoffreport.com Website informs visitors that it
3 is a service of badbusinessbureau.com and a worldwide consumer reporting website and
4 publication on which consumers can post their complaints about businesses or individuals.

5 10. Any Internet user who tries to visit a website using either the Internet
6 domain name badbusinessbureau.com or badbusinessbureau.org is automatically directed
7 to the Ripoffreport.com Website.

8 11. The Ripoffreport.com Website encourages visitors to post numerous and
9 repeated complaints about businesses or individuals.

10 12. Visitors' complaints posted on the Ripoffreport.com Website are discovered
11 by millions of consumers. Search engines, such as Google, automatically discover these
12 complaints, meaning that within just a few days or weeks, complaints may be found on
13 search engines when consumers search using key words relating to a business or
14 individual.

15 13. On information and belief, Xcentric and Magedson use the resulting
16 complaints as leverage to coerce businesses and individuals to pay for Xcentric's
17 Corporate Advocacy Program, which purports to provide assistance in investigating and
18 resolving the posted complaints. True and correct copies of relevant pages from
19 Xcentric's Ripoff Report website are attached hereto as Exhibit 1.

20 14. Non-party Spencer Sullivan ("Sullivan") is a resident of Tennessee.

21 15. On or about March 27, 2006, Sullivan posted a statement ("First
22 Statement") on the Ripoffreport.com Website accusing Plaintiffs of operating a scam
23 involving the sale of gem stones.
24
25
26

1 16. Sullivan posted the First Statement under a category entitled "Con Artists",
2 thereby accusing Plaintiffs of being con artists, in addition to the complaints contained in
3 the First Statement.

4 17. Plaintiffs discovered the First Statement on May 15, 2006, when a Global
5 Royalties customer brought the posting to Hall's attention.

6 18. Individuals who post a complaint on the Ripoffreport.com Website must
7 answer several questions created and developed by Xcentric and Magedson.

8 19. Individuals who post a complaint on the Ripoffreport.com Website are
9 required to select a category for their postings from a list of titles created and developed
10 by Xcentric and Magedson.

11 20. Xcentric and Magedson were solely responsible for the creation and
12 development of the category entitled "Con Artists."

13 21. Xcentric and Magedson were solely responsible for the creation and
14 development of the defamatory portion of the First Statement that wrongfully accused
15 Plaintiffs of being con artists.

16 22. On or about June 8, 2006, Sullivan updated the First Statement by posting a
17 subsequent statement ("Second Statement") on the Ripoffreport.com Website in which he
18 claimed that individuals associated with Plaintiffs were dishonorable and had engaged in
19 criminal acts. Sullivan also complained that Plaintiffs (through counsel) had "threatened"
20 him with legal action and that, in response to that threat, "I am stating that I have no
21 information that would indicate that Global Royalties is following anything but the best of
22 business practices." Sullivan advised anyone considering doing business with Plaintiffs to
23 first contact the Royal Canadian Mounted Police ("RCMP") Commercial Crime Unit.

24 23. On or about June 16, 2006, Sullivan again updated the First Statement when
25 he posted a third statement ("Third Statement") on the Ripoffreport.com Website.
26

1 Sullivan stated that Plaintiffs (through counsel) had threatened him again and asked him
2 not to mention Plaintiffs on the Ripoffreport.com Website. Sullivan advised anyone
3 considering doing business with Plaintiffs to first contact the RCMP and stated that “I
4 would think that any upstanding commercial operation could bear the scrutiny of a crime
5 unit without any issue.”

6 24. On information and belief, Sullivan intended the First Statement, Second
7 Statement, and Third Statement (collectively, “Statements”) to disrupt Plaintiffs’ business
8 in Ontario, Canada, and elsewhere.

9 25. Through counsel, Plaintiffs contacted Sullivan and explained to him that the
10 Statements were based on misunderstandings about Plaintiffs and that the Statements were
11 false and injurious to Plaintiffs’ personal and business reputations.

12 26. Sullivan contacted the Defendants in an effort to have the Statements
13 removed, but Defendants refused to do so.

14 27. Despite Sullivan’s efforts to have the Statements removed from Defendants’
15 website, Defendants still have not removed the Statements.

16 28. Defendants knew that Plaintiffs were citizens and residents of Ontario,
17 Canada. Defendants knew that the Statements were particularly directed toward Ontario.

18 **FIRST CLAIM FOR RELIEF**

19 **(Defamation)**

20 29. Plaintiffs incorporate all previous allegations as if fully set forth herein.

21 30. Defendants have published statements that were false, have brought
22 Plaintiffs into disrepute in their businesses, and that have otherwise impeached Plaintiffs’
23 honesty, integrity, virtue, and reputation.

24 31. Defendants knew or should have known that their statements were false or
25 else Defendants acted in reckless disregard of the truth or falsity of their statements.
26

1 32. Defendants knew or should have known that their statements would cause
2 Plaintiffs to suffer pecuniary and reputational harm. In fact, Defendants intended that
3 their statements would harm Plaintiffs' business and personal reputations.

4 33. Defendants' statements have harmed Plaintiffs' reputations, prejudiced
5 Plaintiffs in conducting their business, and deterred customers and potential customers
6 from dealing with them, thereby injuring Plaintiffs in an amount not less than \$450,000
7 (U.S.).

8 WHEREFORE, Plaintiffs Global Royalties, Ltd., and Brandon Hall respectfully
9 demand judgment in their favor, and against Defendants Xcentric Ventures, L.L.C., and
10 Ed Magedson and Jane Doe Magedson, husband and wife, as follows:

11 A. Awarding Plaintiffs their damages in an amount to be proven at trial;
12 and

13 B. Awarding Plaintiffs such other and further relief as the Court deems
14 just and proper.
15

16 DATED this 1st day of November, 2007.
17

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21 By s/André H. Merrett
22 André H. Merrett
23 Deana S. Peck

24 Attorneys for Plaintiffs Global Royalties, Ltd.
25 and Brandon Hall
26

CERTIFICATE OF SERVICE

I hereby certify that on November 1, 2007, I electronically transmitted the attached document to the clerk's Office using the CM/ECF System for filing.

Copy mailed to:

Honorable Frederick J. Martone
United States District Court
Sandra Day O'Connor U.S. Courthouse, Suite 526
401 West Washington Street, SPC 62
Phoenix, AZ 85003

s/Lisa M. Fox